

AMENDED IN SENATE JULY 14, 1999  
AMENDED IN ASSEMBLY APRIL 13, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

## ASSEMBLY BILL

**No. 384**

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**Introduced by Assembly Member Jackson**  
**(Coauthors: Assembly Members Aanestad, Calderon, Honda,**  
**Kuehl, Leach, Longville, Machado, Wildman, and Zettel)**  
**(Coauthors: Senators Baca, O’Connell, Rainey, and Solis)**

February 11, 1999

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An act to amend Sections 6471, 6472, and 6477 of the Revenue and Taxation Code, relating to taxation.

### LEGISLATIVE COUNSEL’S DIGEST

AB 384, as amended, Jackson. Sales and use taxes: prepayments.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides that, under specified circumstances, the State Board of Equalization may require any person whose sales and use tax liability exceeds a specified amount to prepay that tax liability. Existing law provides for a prepayment amount and due date for the first, third, and fourth calendar quarters different than for the second calendar quarter.

~~This bill would instead make those requirements identical for each calendar quarter by specifying a prepayment of 90% of the amount of state and local tax liability for each of the first~~

~~2 monthly periods of each quarterly period. The bill would also require all prepayments to be made on or before the 24th day next following the end of the first 2 monthly periods of each quarterly period~~ revise the prepayment requirements for the 2nd calendar quarter. The bill would make related changes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 6471 of the Revenue and~~  
2     ~~SECTION 1. Section 6471 of the Revenue and~~  
3     ~~Taxation Code, as added by Chapter 106 of the Statutes~~  
4     ~~of 1985, is amended to read:~~  
5     6471. (a) Upon written notification by the board, any  
6     person whose estimated measure of tax liability under this  
7     part averages seventeen thousand dollars (\$17,000) or  
8     more per month, as determined by the board, shall,  
9     without regard to the measure of tax in any one month  
10    make prepayments as prescribed in this section.  
11    (1) In the first, third, and fourth calendar quarters, the  
12    person shall prepay not less than 90 percent of the amount  
13    of state and local tax liability for each of the first two  
14    monthly periods of each quarterly period.  
15    (2) In the second calendar quarter, the person shall  
16    prepay a first prepayment of ~~95~~ 90 percent of the amount  
17    of state and local tax liability for the first monthly period  
18    of each quarterly period and a second prepayment of  
19    either of the following:  
20    (A) ~~Ninety-five~~ *Ninety* percent of the amount of state  
21    and local tax liability for the second monthly period of the  
22    quarterly period, plus ~~95~~ 90 percent of the amount of state  
23    and local tax liability for the first 15 days of the third  
24    monthly period of the quarterly period.  
25    (B) ~~Ninety-five~~ *Ninety* percent of the amount of state  
26    and local tax liability for the second monthly period of the  
27    quarterly period, plus 50 percent of ~~95~~ 90 percent of the  
28    amount of the liability for the second monthly period of  
29    the quarterly period.

1 (b) Persons engaged in their present business during  
 2 all of the corresponding quarterly period of the preceding  
 3 year, or persons who are successors to a business ~~which~~  
 4 *that* was in operation during all of that quarterly period,  
 5 may satisfy the above monthly prepayment requirements  
 6 for the first, third, and fourth calendar quarters by  
 7 payment of an amount equal to one-third of the measure  
 8 of tax liability reported on the return or returns filed for  
 9 that quarterly period of the preceding year multiplied by  
 10 the state and local tax rate in effect during the month for  
 11 which the prepayment is made.

12 The persons may satisfy their prepayment  
 13 requirements for the second calendar quarter by making  
 14 a first prepayment of an amount equal to one-third of the  
 15 measure of tax liability reported, and a second  
 16 prepayment of an amount equal to one-half of the  
 17 measure of tax liability reported, on the return or returns  
 18 filed for that quarterly period of the preceding year  
 19 multiplied by the state and local tax rate in effect during  
 20 the month for which the prepayment is made.

21 Prepayments shall be made during the quarterly  
 22 periods designated by the board and during each  
 23 succeeding quarterly ~~periods~~ *period* until further notified  
 24 in writing by the board.

25 *SEC. 2. Section 6472 of the Revenue and Taxation*  
 26 *Code is amended to read:*

27 6472. Except in the case of persons required to remit  
 28 amounts due in accordance with Article 1.2  
 29 (commencing with Section 6479.3), for purposes of  
 30 Section 6471, prepayment shall be accompanied by a  
 31 report of the amount of the prepayment in a form  
 32 prescribed by the board and shall be made to the board  
 33 as follows:

34 (a) In the first, third, and fourth calendar quarters, on  
 35 or before the 24th day next following the end of each of  
 36 the first two monthly periods of each quarterly period.

37 (b) In the second calendar quarter as follows:

38 (1) The first prepayment on or before the 24th day  
 39 next following the end of the first monthly period of each  
 40 quarterly period.

(2) The second prepayment on or before the ~~23rd~~ 24<sup>th</sup> day of the third monthly period of each quarterly period for the second monthly period and the first 15 days of the third monthly period of each quarterly period.

~~Taxation Code, as added by Chapter 106 of the Statutes of 1985, is amended to read:~~

~~6471. (a) Upon written notification by the board, any person whose estimated measure of tax liability under this part averages seventeen thousand dollars (\$17,000) or more per month, as determined by the board, shall, without regard to the measure of tax in any one month, prepay not less than 90 percent of the amount of state and local tax liability for each of the first two monthly periods of each quarterly period.~~

~~(b) Persons engaged in their present business during all of the corresponding quarterly period of the preceding year, or persons who are successors to a business that was in operation during all of that quarterly period, may satisfy the above monthly prepayment requirement by payment of an amount equal to one-third of the measure of tax liability reported on the return or returns filed for that quarterly period of the preceding year multiplied by the state and local tax rate in effect during the month for which the prepayment is made.~~

~~Prepayments shall be made during the quarterly periods designated by the board and during each succeeding quarterly period until further notified in writing by the board.~~

~~SEC. 2. Section 6472 of the Revenue and Taxation Code is amended to read:~~

~~6472. Except in the case of persons required to remit amounts due in accordance with Article 1.2 (commencing with Section 6479.3), for purposes of Section 6471, prepayment shall be accompanied by a report of the amount of the prepayment in a form prescribed by the board and shall be made to the board on or before the 24th day next following the end of each of the first two monthly periods of each quarterly period.~~

1 SEC. 3. Section 6477 of the Revenue and Taxation  
2 Code, as amended by Section 5 of Chapter 337 of the  
3 Statutes of 1983, is amended to read:

4 6477. Any person required to make a prepayment  
5 pursuant to Section 6471 or Section 6471.5 who fails to  
6 make a prepayment before the last day of the monthly  
7 period following the quarterly period in which the  
8 prepayment became due and who files a timely return  
9 and payment for the quarterly period in which the  
10 prepayment became due shall pay a penalty of 6 percent  
11 of the amount equal to 90 percent of the tax liability, as  
12 prescribed in those sections, for each of the periods  
13 during that quarterly period for which a required  
14 prepayment was not made.

